DRN-5681803

The complaint

Mr S is unhappy that a car supplied to him under a hire purchase agreement with CA Auto Finance UK Limited trading as CA Auto Finance ('CA') was of an unsatisfactory quality.

When I refer to what Mr S and CA have said or done it should also be taken to include things said or done on their behalf.

What happened

In August 2024, Mr S acquired a used car through a hire purchase agreement with CA. The cash price for the car was £10,248 and Mr S paid an advance payment of £700. The total amount of credit was £9,548 over 60 months, comprising an initial payment of £226.27, followed by 58 monthly payments of £226.27 and a final payment of £236.27. The car was first registered in October 2017 and at the time of sale it had travelled around 57,810 miles.

Within a couple of days of getting the car it experienced a loss of power and Mr S complained to the supplying dealer and CA. Mr S agreed to repairs being carried out but because the repairs were going to take longer than the garage had initially said, Mr S asked to reject the car around the middle of August. The supplying dealer wouldn't agree to rejection because Mr S had agreed to repairs being done. Repairs were carried out to the camshaft but when he got the car back Mr S found that a brake light wasn't working, and the clutch was sticking.

CA arranged for an independent engineer to inspect the car, and they concluded that there were no ongoing faults with the camshaft or brake light, however, there were issues with the operation of the clutch, which they said had a very low biting point and little operational movement. They concluded that the clutch would have been in a non-durable condition at point of sale.

Mr S says he agreed to the clutch being repaired mainly because he didn't think he was allowed to reject the car now as the supplying dealer had already refused his request to reject it and he wasn't offered this option, only further repairs.

CA issued their final response letter on 9 October 2024. They said that Mr S had agreed to further repairs being carried out as long as he was kept mobile so he could get to work. CA offered to contribute up to £250 towards a hire car to keep Mr S mobile, if the supplying/repairing dealer couldn't provide a courtesy car, plus £125 for distress and inconvenience incurred while waiting for a resolution.

Mr S referred his complaint to the Financial Ombudsman Service (Financial Ombudsman) around the middle of November 2024 because he was unhappy with the delays in resolving the issues with the car. He said the car wasn't fit for purpose due to recurrent and new faults since he got it and also there had been new problems in addition to the camshaft and clutch faults, and therefore he would like to have the car fixed, or have a new car or return the car to the supplying dealer and for them to refund CA.

The supplying dealer proceeded with repairs to the clutch and also a mis-aligned wheel arch which had been causing a rubbing/knocking sound when the steering was fully locked to the left. They also replaced the timing-chain kit which they thought was related to the earlier issue with the camshaft. These repairs were carried out over a period of time and weren't completed until early January 2025.

Towards the end of January 2025, Mr S contacted CA to tell them that the engine management light (EML) had come on again and the car was booked in with for further inspection with the supplying dealer at the start of February 2025. Mr S said that he only agreed to have the issue diagnosed at this stage and that if another major fault was found, or a further repair was going to take an extended period, he would be seeking to reject the car.

Our investigator reviewed the case, and they thought Mr S should have been allowed to reject the car following the independent engineer's inspection in September 2024, because that identified a fault with the clutch which the engineer thought would have been present at the point of sale and that meant that the clutch was a non-durable condition when supplied. Our investigator said CA should accept rejection of the car, cancel the agreement, and refund Mr S's deposit and repayments made, plus pay interest on refunded amounts.

Mr S accepted our investigator's view, but CA disagreed with it. They said that because Mr S had consented to all the repairs done and further repairs, they thought rejection was inappropriate at this this time. Our investigator considered the matter further but declined to change their original decision because the goods were still faulty after the initial repairs to the camshaft, as there was a fault with the clutch, as confirmed by the independent engineer's report.

Mr S agreed with this, but CA still disagreed and proposed an alternative solution, which was to cover Mr S's monthly instalments for the periods the car had been in for repair.

Our investigator reviewed the case again and said they were still of the opinion that CA should allow Mr S to reject the car, but Mr S shouldn't receive a refund of all his repayments for periods when he had had some use of the car, but a refund of a proportion of his payments to reflect impaired use of the car during these periods.

Mr S was happy with this but rejected CA's counteroffer to cover his repayments for the periods the car had been in for repair.

CA didn't provide any further information.

Because the parties couldn't agree, the matter has been passed to me to make a decision.

After reviewing the case I issued a provisional decision on 24 June 2025, where I explained my intention to uphold Mr S's complaint. In that decision I said:

"What I've provisionally decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mr S was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr S entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability. So, if I thought that the car was faulty when Mr S took possession of it, or that it wasn't sufficiently durable, and this made the car not of satisfactory quality, it would be fair and reasonable to ask CA to put this right.

The car Mr S acquired was first registered around October 2017, so it was almost seven years old when he got it, and its cash price was £10,248. At that point, the car had travelled around 57,810 miles, and it's reasonable to expect there would be some wear to it as a result. Therefore, I'd have different expectations of it compared to a brand-new car and also, as with any car, there's an expectation that there will be ongoing maintenance and upkeep costs. So, the supplier (here CA) wouldn't generally be held responsible for anything that was due to normal wear and tear whilst the car was in Mr S's possession. But given the age, mileage and price paid, I think it's fair to say that a reasonable person wouldn't expect anything significant to be wrong with the car shortly after it was supplied.

However, in this case, I think there's enough evidence to say that the car was faulty at the point of sale, and/or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality. I will explain why below.

Mr S experienced a loss of power from the engine a couple of days after collecting it. He initially agreed to repairs being carried out, but when he found out that some of the repairs were going to take longer than expected he asked to reject the car, but this request was refused by the supplying dealer because they said Mr S had already agreed to repairs. So, in September, repairs were carried out to the camshaft and a brake light was fixed, but Mr S then experienced problems with the clutch, which was sticking and sometimes he had to use his foot or hand to pick it up to make it work.

CA arranged for an independent engineer to inspect the car. I've seen a copy of the independent engineer's report of 12 September 2024, and it says there were no ongoing faults with the camshaft or brake light, but there were faults with the clutch which led them to conclude that the clutch would have been in a non-durable condition at point of sale.

Mr S says at this stage he no longer believed he was entitled to reject the car as his request to reject it had already been refused by CA and the supplying dealer, on the basis that he had agreed to further repairs, so he agreed to the clutch being repaired. The garage also repaired a mis-aligned wheel arch which had been causing a rubbing/knocking sound when the steering was fully locked to the left, and replaced the timing-chain kit which they thought was related to the earlier issue with the camshaft. These repairs were carried out over a period of time and Mr S says he didn't have his car from around 24 October 2024 until 10 January 2025. Shortly after getting the car back in January 2025 Mr S said the engine *management light (EML) came on again and the car was booked in for further inspection at the start of February. The garage found an issue with the purge valves and pipes and the car had to be returned to the garage around March 2025 for this work to be done. Mr S says that after he got the car back on this occasion, the EML came on again and the car was exhibiting further engine/performance issues, so it was booked in for further diagnostic tests at the end of April 2025.*

I've considered that the car had faults with the camshaft which needed repairing, within a month of Mr S acquiring it and shortly after these repairs an independent engineer inspected the car and confirmed there were problems with the clutch which led them to conclude that it would have been in a non-durable condition at the point of sale. However, just because the car has faults doesn't automatically mean it wasn't of satisfactory quality when supplied, so I've thought about the nature of the faults with the car and when they occurred, as well as the age, price and mileage of the car.

The issues with the camshaft and the clutch were identified very soon after Mr S acquired the car, therefore I'm persuaded that, on balance, these faults were present or developing at the point of sale. In reaching this conclusion I've taken into account that the independent engineer said the clutch would have been in a non-durable condition when the car was supplied to Mr S, at which point it had travelled around 57,810 miles. So, even if the issues with the clutch did arise from wear and tear rather than being an inherent fault, this is unlikely to have been as a result of anything Mr S did or didn't do, because the problems with the clutch became apparent so soon after he got the car. In addition, I think a reasonable person would expect a camshaft to generally last longer than this one did, and I've not been given any evidence to say that, more likely than not, the camshaft failed due to wear and tear. Therefore, I think it's more likely than not that the camshaft was also faulty when the car was supplied.

Therefore, I think there's enough evidence to say that, on the balance of probabilities, it's more likely than not that the car had faults which were present or developing when supplied to Mr S and these faults, in particular the issues with the camshaft and the clutch, meant that the car wasn't of satisfactory quality at the time of supply.

I acknowledge that Mr S initially agreed to repairs being done even after he had said he wanted to reject the car, and that as well as repairs to the clutch and camshaft, repairs have also been carried out to the timing belt, wheel arch and the purge valves/pipes. Mr S agrees that he accepted the initial repair to the camshaft however he says he only accepted the further repairs because he thought he no longer had the right to reject the car because he had agreed to the initial repairs, and because that's what the supplying dealer and CA told him.

Therefore, having considered all of the above, I agree with our investigator's conclusion that this complaint should be upheld, and that CA need to do something to put things right for Mr S, and I've thought carefully about what the appropriate remedy in this case should be.

The CRA sets out that, where the supplied goods are not of satisfactory quality, the consumer has 30 days to reject them. The 30 days runs from the day after the date of delivery, but if the consumer agrees to or asks for a repair or replacement the clock stops running during the period of any repair or replacement. And on return of the car, the consumer has the remainder of the 30-day period or 7 days (whichever is the longer) to use the short-term right to reject if the car is still faulty.

Mr S got the car on 4 August 2024 and notified the supplying dealer of problems on 6 August. He first contacted CA and asked to reject the car on 15 August because by then he'd been told by the garage that the repairs were going to take longer than they'd originally *said. His request to reject the car was refused at this point because the supplying dealer said he had already agreed to repairs. I think this was a reasonable response from the supplying dealer at this stage because Mr S had agreed to this initial repair and it's fair and reasonable that the supplying dealer was given the opportunity to attempt the repair.*

Mr S got the car back around 8 September 2024 but immediately noticed problems with a brake light and the clutch. I think that Mr S could have then exercised his short-term right to reject the car up until around 15 September, but the car was booked in for further repairs in October, which was the earliest a courtesy car was available. As I've already mentioned, Mr S has told us that he only agreed to further repairs because he thought he had lost his right to reject based on what the supplying dealer and CA told him.

Section 24(5) of the CRA says "a consumer who has … the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not confirm to contract." This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for business – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

However, I've also considered that the CRA says in section 23(6) that if a customer agrees to the repair of goods they can't then require the trader to replace them, or exercise their short-term right to reject, without giving the trader a reasonable time to repair them (unless giving the trader that time would cause significant inconvenience to the consumer).

So, I've thought about whether the repairs in this case were completed within a reasonable time and without significant inconvenience to Mr S. The car first went in for repairs around 6 August 2024 and Mr S didn't get it back until around 8 September 2024, after the repairs to the camshaft were completed. I don't think this period of around a month, in isolation, is an excessive or unreasonable period in terms of repair time, however I do think it caused significant inconvenience for Mr S as he didn't have use of his own car, and a courtesy car wasn't provided until 30 August 2024.

Also, after Mr S got the car back in September 2024 the problems with the clutch then became apparent. The car went back in for repairs around 24 October 2024 and wasn't ready to return to Mr S until around 6 January 2025. On balance, I think this period of around ten weeks, particularly when considered along with the earlier period of around four weeks for the camshaft repair, doesn't constitute a reasonable time for repairs, because it means that Mr S waited around 14 weeks in total for the repairs to the camshaft and clutch. I also think this caused significant inconvenience to Mr S as there were periods when he had no courtesy car, which meant he had to make alternative arrangements for getting to work, including at times hiring a car.

Therefore, on balance I'm persuaded that the overall time taken to carry out repairs to the car was unreasonable and caused significant inconvenience to Mr S.

After Mr S got the car back in January 2025, he says it continued to have engine and performance issues and in March 2025, after an oil pressure warning appeared, the car went in for further repairs and the garage replaced and adapted the purge valve. After this, the EML illuminated again, and Mr S found that the air filter was not in place properly. He fixed this himself but also booked the car in for a further diagnostic inspection on 25 April 2024 and also arranged for an independent garage to check that the issue with the EML had been fixed. Mr S confirms he has been driving it since then without further warning lights being displayed, however he has also told us he still wants to reject the car because of all the *problems the car has had and also because he thinks he should have been allowed to reject it sooner when he previously asked for this.*

I've considered whether it's fair and reasonable for Mr S to reject the car now, and on balance, I think that even if the car doesn't need any further repairs, it wouldn't be fair and reasonable for Mr S not to be able to exercise his right to reject the car now. I say this because I'm persuaded that, more likely than not, Mr S only agreed to further repairs after the camshaft repair because he thought he had lost the right to reject the car and felt he had no option but to agree to further repairs.

Therefore, I think Mr S should be allowed to reject the car.

As such, the hire purchase agreement should be cancelled with nothing further to pay and CA should refund Mr S his advance payment of £700 and should collect the car at no further cost to Mr S. They should also remove any adverse information from Mr S's credit file and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

I've considered what use Mr S has had of the car since he got it. He has been able to use the car for some of the time although his use has been impaired due to ongoing problems with the car. There were also some periods when he didn't have access to his car because it was in for repairs – sometimes he was provided with a courtesy car but not always, and on a couple of occasions Mr S hired a car to keep mobile so he could get to work. There was also a short period when Mr S did have access to his car but felt it wasn't safe to drive and hired a car so he could get to work.

Therefore, I think it's reasonable that CA should refund all payments Mr S made under his agreement for periods when his car was in for repairs and a courtesy car wasn't provided, refund a proportion of the payments Mr S made under his agreement to reflect impaired use of the car for the periods he did have access to it and refund Mr S for car hire costs incurred in excess of the £250 CA have already paid towards these expenses.

Mr S did have use of a courtesy car from 30 August to around 8 September 2024 and from 26 November 2024 to 10 January 2025 so no refund of payments should be made for these periods.

Regarding partial refund of payments for impaired use of the car, there's no exact formula for calculating this. Around March 2025 the mileage of the car was noted on the repairing garage's job sheet as 64,518 which means that the car covered around 6,700 miles in the seven months since Mr S acquired it until that point. This is a reasonable mileage of almost 1,000 miles a month which does reflect that Mr S was able to use the car, but I've considered that Mr S has told us that even when he was able to use the car, he didn't always feel safe driving it because of the problems with it.

Therefore, I think it's fair and reasonable that Mr S should receive a partial refund of 20% of the payments he has made under the agreement, to take account of his impaired use of the car during the periods he was able to use it.

Regarding car hire costs, from 17 October to 28 October2024, Mr S hired a car for 11 days at a cost of £547.08 even though he did have his car up until 24 October when it went back into the garage for further repairs. He says he hired a car for this period as he had to travel for work and didn't feel comfortable driving the car long distances due to faults with the clutch which he felt made the car dangerous to drive. As Mr S did have access to his car for seven days during this period, albeit usage was impaired, I don't think it's fair to ask CA to refund his car hire costs for this whole period, but they should reimburse his car hire costs *for period between 24 to 28 October 2024 and the period between 8 and 11 November 2024.*

I think Mr S has also experienced some distress and inconvenience because CA supplied him with a car which isn't of satisfactory quality. He told us he has had to take the car into the garage for repairs on numerous occasions and provided a lot of detail about the impact this situation had on his health.

CA have already paid Mr S £125 in October 2024 for distress and inconvenience caused to him at that point. Having considered the impact of the situation on Mr S over the whole period from getting the car in August 2024 to now, I think £250 would be a more appropriate amount of compensation here, to reflect the distress and inconvenience caused to Mr S as a result of being supplied with a car which wasn't of satisfactory quality.

Therefore, CA should:

- *End the agreement with nothing more to pay.*
- *Collect the car at no cost to Mr S.*
- *Refund Mr S's deposit of £700.*
- *Refund Mr S all payments made under the agreement for the period between 6 August until 30 August 2024 and for all periods between 24 October 2024 and 10 January 2025. when he wasn't provided with a courtesy car and didn't hire a car, as explained above.*
- *Refund Mr S 20% of all payments made under the agreement for the periods between 8 September to 24 October, as explained above.*
- *Refund Mr S 20% of all payments made under the agreement for the periods between 10 January 2025 and the date the agreement is ended, as explained above.*
- *Refund a further £290.94 in respect of car hire costs incurred by Mr S, as explained above.*
- *Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.*
- *Pay Mr S a further £125 for the distress or inconvenience caused, in addition to the £125 CA have already paid for this.*
- *Remove any adverse entries relating to the finance agreement from Mr S's credit file. The credit agreement should be marked as settled in full on Mr S's credit file, or something similar, and should not show as voluntary termination.*

If CA Auto Finance UK Limited considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

I asked both parties to provide me with any additional comments or information they would like me to consider by 8 July 2025.

CA didn't respond.

Mr S responded and said he accepts my decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so and considering that Mr S accepts my decision and CA didn't provide any further information or comments, I see no reason to reach a different conclusion to the one I reached in my provisional decision (copied above).

My final decision

For the reasons explained above and in my provisional decision, I uphold Mr S's complaint and direct CA Auto Finance UK Limited to:

- End the agreement with nothing more to pay.
- Collect the car at no cost to Mr S.
- Refund Mr S's deposit of £700.
- Refund Mr S all payments made under the agreement for the period between 6 August until 30 August 2024 and for all periods between 24 October 2024 and 10 January 2025. when he wasn't provided with a courtesy car and didn't hire a car, as explained above.
- Refund Mr S 20% of all payments made under the agreement for the periods between 8 September to 24 October, as explained above.
- Refund Mr S 20% of all payments made under the agreement for the periods between 10 January 2025 and the date the agreement is ended, as explained above.
- Refund a further £290.94 in respect of car hire costs incurred by Mr S, as explained above.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- Pay Mr S a further £125 for the distress or inconvenience caused, in addition to the £125 CA have already paid for this.
- Remove any adverse entries relating to the finance agreement from Mr S's credit file. The credit agreement should be marked as settled in full on Mr S's credit file, or something similar, and should not show as voluntary termination.

If CA Auto Finance UK Limited considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 August 2025.

Liz Feeney
Ombudsman